

AR48

**ANNUAL
REPORT**

1968

AREA
MINES LIMITED

AREA MINES LIMITED

(No Personal Liability)

Statement of Source and Use of Funds

For the 6 Months Ended June 30

	1968	1967
SOURCE OF FUNDS:		
Investment Income	\$ 13,853	\$ 21,539
Realization on Sale of Investments	2,500	—
Profit on Sale of Marketable Investments	—	5,268
	<u>\$ 16,353</u>	<u>\$ 26,807</u>

USE OF FUNDS:

Purchase of Investments in other Companies	\$ 10,000	\$ 224,363
Exploration and Administrative Expenditures for the Period	17,443	19,963
	<u>27,443</u>	<u>244,326</u>
Net Decrease for the Period .	\$ 11,090	\$ 217,519
Working Capital Beginning of the Year	\$ 251,459	\$ 809,314
Working Capital June 30	<u>\$ 240,369</u>	<u>\$ 591,795</u>

AREA MINES LIMITED

AR48



INTERIM REPORT

6 MONTHS ENDED JUNE 30, 1968

Executive Offices

Suite 4900
Toronto-Dominion Centre
TORONTO, ONTARIO

To the Shareholders:

Development work at Les Mines Madeleine Ltée in Gaspé, formerly Wexford Mines Limited, is currently underway on three adit levels, and production is scheduled to begin about April 1969. No exploratory work was done as all efforts were directed towards the earliest practical start of production.

Two holes were drilled in July on a group of six claims in Warden Township, northwestern Ontario, in which Area has a 50% interest. These intersected a breccia horizon mineralized with copper, but with sub-marginal values. Consideration is being given to additional geophysical surveying along the favourable zone.

Fifteen claims in Gaspé and 39 claims in the Patapedia area of New Brunswick were returned to the company by the Keevil Mining Group after their work failed to locate significant mineralization. Area is conducting negotiations with other companies interested in the claims.

The company holds a 1,551,176 share interest in Les Mines Madeleine Ltée, which will have a total of 4,700,007 shares issued if the financing agreement with McIntyre Porcupine Mines Limited is fully exercised. It is planned to apply for listing of Les Mines Madeleine shares on the Toronto and Canadian Stock Exchanges at which time Area expects to sell a part of its holdings to replenish the company's cash position and allow a more active exploration programme to be undertaken.

On behalf of the Board,



N. B. KEEVIL

September 6, 1968

President

AREA MINES LIMITED

(No Personal Liability)

Statement of Exploration and Administrative Expenditures Deferred

For the 6 Months Ended June 30

	1968	1967
Balance, Beginning of Year ..	\$ 76,188	\$ 99,863
Exploration Expenditures for the Period	906	8,832
ADMINISTRATIVE EXPENDITURES for the Year:		
Directors' Fees	600	800
General Administrative Ex- penses	5,286	6,631
Interest	5,226	238
Legal and Audit Fees	5,269	2,203
Transfer and Registrar Agents Fees and Disburse- ments	131	1,234
	16,512	11,106
Provincial Income Tax	25	25
	16,537	11,131
Total Exploration and Adminis- trative Expenses for the Period	17,443	19,963
Deduct Investment Income	13,853	21,539
Balance of Income Over Expen- diture for the Period	(3,590)	(1,576)
Balance June 30	\$ 79,778	\$ 98,287

AREA MINES LIMITED

(No Personal Liability)

Executive Office

Suite 4900, Toronto-Dominion Centre
Toronto 1, Ontario**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the Annual Meeting of Shareholders of Area Mines Limited will be held at the Directors' Lodge of Lamaque Mining Company Limited, Town of Bourlamaque, Quebec, on Thursday, the 13th day of June, 1968, at the hour of 11:30 o'clock in the forenoon, Eastern Daylight Saving Time, to:

- (a) receive and consider the financial statements of the Company for the year ended December 31, 1967, and the Report of the Auditors thereon;
- (b) elect directors;
- (c) appoint auditors, and authorize the directors to fix their remuneration; and
- (d) transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the annual report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of instrument of proxy and return it to the Secretary of the Company, using the stamped form provided for that purpose.

DATED at Toronto this 23rd day of May, 1968.

By order of the Board of Directors,

R. J. WRIGHT,

Secretary.

AREA MINES LIMITED

(No Personal Liability)

INFORMATION CIRCULAR

Solicitation of Proxies

This information circular is furnished in connection with the solicitation by the management of Area Mines Limited (No Personal Liability) (hereinafter called the "Company") of proxies to be used at the Annual Meeting of the Shareholders of the Company (the meeting) to be held at the time and place and for the purposes set forth in the accompanying notice of such meeting.

Expense and Method of Solicitation

The cost of solicitation by management will be borne by the Company. The solicitation will be made primarily by mail, but may be supplemented by solicitation personally by directors, officers and employees of the Company without special compensation.

Appointment of Proxies

The persons named in the enclosed form of proxy are directors of the Company. A proper form of proxy which is duly executed and returned to the secretary of the Company and not revoked will be voted by the persons therein named in accordance with the directions contained therein. In the absence of such directions, it is intended that such shares will be voted for the election of directors and appointment of auditors as stated under those headings in this circular.

A shareholder has the right to appoint a person to attend and act for him and on his behalf at the meeting other than the persons designated in the form of proxy forwarded to shareholders. Such right may be exercised by striking out the names of the persons designated in the form of proxy and inserting in the blank space provided the name of the person to be appointed, or by completing another proper form of proxy, and, in either case, delivering the completed proxy to the secretary of the Company or the chairman of the meeting.

Right of Revocation

A shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such meeting on the day of the meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

Exercise of Discretion by Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of the meeting and with respect to other

matters which may properly come before the meeting. At the date of this circular, the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

Voting Shares

The authorized capital of the Company consists of 3,000,000 common shares with a par value of \$.25 (twenty-five cents) and 10,593,750 redeemable preferred shares with a par value of \$.25 (twenty-five cents) of which on the date of this circular 2,000,000 common shares were issued and outstanding as fully paid and non-assessable, each carrying the right to one vote per share. There are no preferred shares outstanding. Holders of shares of record will be entitled to one vote at the meeting for each share held. Votes may be given either personally or by proxy, and in the case of a corporation, by a representative duly authorized.

The directors and senior officers of the Company do not know of any person or company, beneficially owning, directly or indirectly, shares carrying more than 10 per cent of the voting rights attached to all shares of the Company, other than the following:

<u>Shareholder</u>	<u>Shares Beneficially Owned</u>	<u>Percentage of Outstanding Shares</u>
Lamaque Mining Company Limited _____	848,200	42.4
Superior Oil Company of Nevada _____	201,800	10.1

Election of Directors

The board consists of six directors to be elected annually. It is intended that the shares represented by the proxies hereby solicited will be voted by the persons therein named for the election of the six nominees whose names are set forth below, all of whom are now members of the board of directors and have been since the dates indicated. The management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the meeting, it is intended that the persons named in the enclosed form of proxy shall reserve the right to vote for another nominee in their discretion. Each of the following persons is nominated to hold office as a director until the next Annual Meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company.

<u>Name and Office Held</u>	<u>Present Principal Occupation or Employment</u>	<u>Date on Which First Elected Director</u>	<u>Shares Beneficially Owned Directly or Indirectly</u>
Norman B. Keevil (President and Director)	Dr. Keevil is President of Copperfields Mining Corporation Limited, Teck Corporation Limited, Silverfields Mining Corporation Limited and Tribag Mining Co. Limited	Dec. 23, 1965	1,000
Norman B. Keevil, Jr. (Vice-President and Director)	Dr. Keevil Jr. is a geophysicist and mining executive employed by Geophysical Engineering & Surveys Limited, and is a director and officer of various mining companies including Copperfields Mining Corporation Limited and Teck Corporation Limited	Dec. 23, 1965	Nil
James H. Westell (Treasurer and Director)	Mr. Westell is the Treasurer and a Director of Teck Corporation Limited, Copperfields Mining Corporation Limited and Tribag Mining Co. Limited, and is the Treasurer of Silverfields Mining Corporation Limited	Sept. 27, 1966	Nil
Robert James Wright (Secretary and Director)	Mr. Wright is a barrister and solicitor, and since December 1964 has been a partner in the law firm of Lang, Michener, Cranston, Farquharson & Wright	Nov. 13, 1967	100

<u>Name and Office Held</u>	<u>Present Principal Occupation or Employment</u>	<u>Date on Which First Elected Director</u>	<u>Shares Beneficially Owned Directly or Indirectly</u>
J. M. R. Corbet (Director)	Mr. Corbet is a Director of Lake Dufault Mines Limited, Mattagami Lake Mines Limited, Canada Tungsten Mining Corp. Limited, Canada Permanent Trust Company, Global Life Insurance Company, Global General Insurance Company, and Global Re-Insurance Company. Prior to 1965 he was also president of the Company.	June 13, 1936	4,754
James B. Goad (Director)	Mr. Goad is Vice-Chairman of J. L. Goad & Co. Ltd., Investment Dealer, and prior thereto was a partner of J. L. Goad & Co.	Nov. 13, 1967	Nil

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, each of the above-named persons has held the principal occupation or employment indicated for at least five years.

Remuneration of Directors and Senior Officers

During the past fiscal year, the aggregate remuneration paid or payable by the Company to the directors and senior officers of the Company was \$2,527.

Appointment of Auditors

It is intended that the shares represented by the proxies hereby solicited will be voted for the reappointment of J. Clare Wilcox & Co., 4 Richmond Street East, Toronto, Ontario, as auditors of the Company to hold office until the next annual meeting of shareholders.

At the annual meeting of the Company on March 31, 1967, the shareholders approved agreements with Keevil Mining Group Limited respecting exploration programmes on the Patapedia and Isabelle Brook properties at no direct cost to the Company. Under the terms of these agreements Keevil Mining Group Limited was granted the right to conduct exploration and development operations on these two properties. In either case, after twice the amount of the Company's expenditures to date on the property has been spent Keevil Mining Group Limited will be entitled to receive a two-third interest in the claim group; if the full amount is not expended by March 31, 1969 it will receive only a proportionate interest. Further expenditures thereafter would be made on the basis of each party's interest in the respective properties with a provision for a reduction in interest if either party elects not to participate except that the interest of the Company cannot be reduced below a non-assessable 10% in either property. In these agreements, Keevil Mining Group Limited acts for Teck Corporation Limited and Copperfields Mining Corporation Limited. These agreements are still in full force and effect. During its last completed financial year the Company as part of its exploration and development expenditures during the year, paid to Geophysical Engineering & Surveys Limited \$2,088, to provide services, personnel, facilities, etc., in this respect based upon prices consistent with those in the industry. Geophysical Engineering & Surveys Limited is a private company providing consulting services for the mining industry, as well as carrying out research and development in geophysical techniques, in which Dr. N. B. Keevil and Dr. N. B. Keevil Jr. are substantial shareholders.

By order of the Board of Directors,

R. J. WRIGHT
Secretary

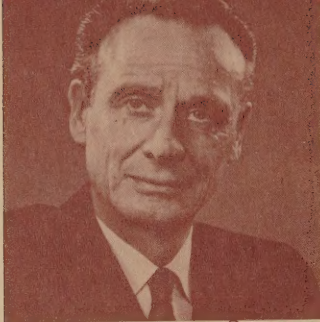
DATED as of the 23rd day of May, 1968

HIGHLIGHTS

- Madeleine mill completed on schedule
- Sale of shares nets \$1,920,000
- Active exploration programme resumed

Madeleine plant site looking north, showing conveyor belt from mine at far right leading to primary storage bin, crushing plant, secondary bin and flotation plant.





© Karsh, Ottawa

REPORT OF THE DIRECTORS

To the Shareholders:

Preparation for production at the Madeleine mine continued on schedule during 1968, being essentially complete by May 1969. The mill, now in the tune-up stage, is operating smoothly and should reach production capacity of 2,500 tons per day by early summer. Arrangements have been made to sell 400,000 shares of Madeleine Mines Limited through an underwriting, leaving Area with 1,151,176 shares and 25% equity in that company. This will eliminate Area's indebtedness and provide it with ample working capital to resume its function as an active exploration company.

THE MADELEINE MINE

Area holds 1,551,176 shares of Madeleine Mines Limited, the company formed to develop the Wexford copper deposit in the Gaspé. This orebody was discovered in 1966 by Area and Frobex Mines Limited, working in joint venture. Subsequently an agreement was entered into with McIntyre Porcupine Mines Limited to provide financing to production.

The ore occurs in a thick, steeply dipping hornfels bed close to the Tabletop granite stock. Drilling prior to the decision to proceed to production indicated 5,852,000 tons bearing 1.26% copper. No exploratory work was done during the construction stage and accordingly no significant change has been made in calculated reserves.

As may be seen from the photograph the orebody occurs in steep terrain. The top of the ore zone is approximately at the level of the top of the mountain, and the bottom, as drilled to date, is at the level of the plant site. Access to the mine is entirely by adit and inclined tunnels, and mining will utilize blast hole stopes and trackless methods. Ore will be moved from the ore pass system by conveyor along the lowermost adit level to the mill.

The essential mill construction and mine preparation was completed during May 1969 and the mill was turned over at reduced capacity. It is anticipated that by the end of July the break-in period will have been completed and the mill will have achieved a full capacity of 2,500 tons per day.

SALE OF MADELEINE SHARES

Under the terms of the financing arrangement Area agreed to the sale and public distribution of a minimum of 300,000 shares of Madeleine within a specified time. An agreement has been reached with Richardson Securities of Canada to underwrite and distribute 400,000 shares of Madeleine at a price of \$5.25 per share.

WORKING CAPITAL

Working capital at December 31, 1968, taking securities at market value, was \$6,308,673. Upon completion of the partial distribution, and taking investments at current market, working capital will be in the neighbourhood of \$8,500,000.

EXPLORATION

Exploration activities of the company have been at a minimum level pending completion of the mill at Madeleine and the sale of sufficient shares in that company to re-establish a strong liquid working capital position. This has now been accomplished, and Area will resume its position as an active exploration company.

Area, in joint venture with Pickle Crow Explorations Limited, has entered into an agreement to explore 1,686 claims in the Coppermine River area of the Northwest Territories. Induced polarization surveys during 1968 by the optionee indicated a number of interesting anomalies in an area of known copper mineralization, and these will be drilled during the next few months. Some of the claims adjoin a block held by Pickle Crow (53%) et al on which exploration in previous years indicated 62,000 tons of 8.8% Cu and on which additional work will be done during the current year. Area and Pickle Crow have the right to earn an interest from 45 to 67.5% in the optioned claims.

Area has also acquired an interest in 74 claims in the Burntland area of New Brunswick, where preliminary work by associated companies resulted in the discovery of copper-silver-molybdenum mineralization in a geological environment similar to that of the major mineral deposits in the Gaspé. Geophysical and geochemical surveys are in progress and will be followed by drilling if warranted.

The company is investigating acquisition of a producing mercury property in California, with potential for expansion, as well as several other projects which have been brought to its attention.

OUTLOOK

With construction at Madeleine completed within cost estimates and essentially on schedule, and with present favourable copper prices, a profitable producer is assured. Renewed exploration at the mine should add to ore reserves, and further increase the value of your company's investment.

The resumption of Area's position as an active exploration company with substantial working capital provides it with the opportunity to expand and perhaps repeat past successes.

Shareholders will be asked at the annual meeting to approve an increase in capitalization and the creation of a new class of shares. Your Board of Directors recommends approval, so that Area may have increased flexibility to take advantage of opportunities for growth in the future.

We regret to announce that Mr. J. M. R. Corbet has decided not to stand for re-election to the company's Board of Directors. Mr. Corbet was president from June 1936 to December 1965 and was the motivating force responsible for the company's success over a 30 year period. On behalf of all shareholders we wish Mr. Corbet good health and many years of relaxed enjoyment in his retirement.

On behalf of the Board,



N. B. KEEVIL
President

June 18, 1969

AREA MII

(No Person

*(Incorporated Under the***Balance Sheet as at**

(with comparative figures)

ASSETS

	1968	1967
CURRENT ASSETS		
Cash in bank	\$ 1,428	\$ 10,095
Trust and deposit accounts	274	359
Accounts receivable	13	305
Quoted shares in other mining companies at market value 1965, less sales plus acquisitions at cost (Quoted market value 1968 — \$6,461,965);	1,053,991	1,053,906
	<u>\$1,055,706</u>	<u>\$1,064,665</u>
OTHER INVESTMENTS		
Unquoted and escrowed shares and debentures in other companies — at cost since 1965	\$ 48,318	\$ 45,859
DEFERRED EXPLORATION EXPENSES	\$ 73,250	\$ 76,188
	<u>\$1,177,274</u>	<u>\$1,186,712</u>

NOTES TO FINANCIAL STATEMENTS**December 31, 1968**

1. The investment in unquoted shares is principally in companies under development or exploration. The investment is non-marketable and the amount of \$48,318 is not intended to reflect present or future values.
2. There are 50,000 shares of the company stock which have been donated for the company's benefit and are held in trust in the names of N. B. Keevil and Sir Michael Butler, Bt.

S LIMITED

(No Personal Liability)

(Incorporated under the Companies Act)

December 31, 1968

(December 31, 1967)

LIABILITIES

	1968	1967
CURRENT LIABILITIES		
Bank loan	\$ 150,000	\$ 143,500
Accounts payable and accrued liabilities	5,007	2,444
Provision for provincial taxes		130
	<u>\$ 155,007</u>	<u>\$ 146,074</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized —		
10,593,750 non-voting, non-cumulative 6% redeemable preferred shares with a par value of 25 cents each		
3,000,000 common shares with a par value of 25 cents each		
Issued and fully paid —		
2,000,000 common shares	\$ 500,000	\$ 500,000
Capital surplus	1,681,604	1,681,604
	<u>\$2,181,604</u>	<u>\$2,181,604</u>
Deficit	1,159,337	1,140,966
	<u>\$1,022,267</u>	<u>\$1,040,638</u>
	<u>\$1,177,274</u>	<u>\$1,186,712</u>

Signed on behalf of the Board:



Director.



Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Area Mines Limited (No Personal Liability) as at December 31, 1968 and the statements of exploration and administrative expenditures deferred, deficit and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of exploration and administrative expenditures deferred, deficit and source and use of funds, when read in conjunction with the notes appended thereto present fairly the financial position of the company as at December 31, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. CLARE WILCOX & CO.

Toronto, Ontario, March 3, 1969.

Chartered Accountants.

AREA MINES LIMITED

(No Personal Liability)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

For the Year Ended December 31, 1968

(with comparative figures for the year 1967)

	1968	1967
Balance, beginning of year	\$ 76,188	\$ 99,863
Exploration expenditures for the year	\$ 11,506	\$ 2,566
Administrative expenditures for the year:		
Directors' fees	\$ 2,100	\$ 2,527
General administrative expenses	11,465	11,185
Interest	10,738	4,269
Legal and audit fees	7,447	3,602
Transfer and registrar agents' fees and disbursements	1,778	2,625
Provincial income tax	\$ 33,528	\$ 24,208 25
	\$ 33,528	\$ 24,233
Total exploration and administrative expenses for the year	\$ 45,034	\$ 26,799
Deduct investment income	34,643	38,857
Excess of expenditure over income for the year	\$ 10,391	\$(12,058)
Deduct — expenditures written off to deficit	13,329	500
— expenditures transferred to investments		11,117
	\$ 2,938	\$ 23,675
Balance, end of year	\$ 73,250	\$ 76,188

AREA MINES LIMITED

(No Personal Liability)

STATEMENT OF SOURCE AND USE OF FUNDS

For the Year Ended December 31, 1968

(with comparative figures for the year 1967)

	1968	1967*
Working capital, beginning of year	\$ 918,591	\$ 809,314
Source of funds:		
Investment income	\$ 34,643	\$ 38,857
Proceeds on sale of other investments	2,499	
Reclassification of other investments as a current asset		667,132
	\$ 37,142	\$ 705,989
Use of funds:		
Loss on sale of investments		\$ 52,337
Purchase of investments other companies	\$ 10,000	517,576
Exploration and administrative expenditures for the year	45,034	26,799
	\$ 55,034	\$ 596,712
Net decrease	\$ 17,892	\$(109,277)
Working capital, end of year	\$ 900,699	\$ 918,591

*Reclassified for comparative purposes

DEFICIT ACCOUNT

For the Year ended December 31, 1968

(with comparative figures for the year 1967)

	1968	1967
Balance, beginning of year	\$1,140,966	\$1,088,129
Add — exploration and administrative expenditures written off	13,329	500
— loss on sale of investments	5,042	52,337
Balance, end of year	\$1,159,337	\$1,140,966

AREA MINES LIMITED

(No Personal Liability)

DIRECTORS

J. M. R. CORBET, Toronto, Ontario
Director, Canada Permanent Trust Company
Mattagami Lake Mines Limited

J. B. GOAD, Toronto, Ontario
Vice-Chairman, J. L. Goad & Co. Limited

N. B. KEEVIL, M.Sc., Ph.D., Port Credit, Ontario
President, Teck Corporation Limited

N. B. KEEVIL JR., M.Sc., Ph.D., P.Eng.,
Toronto, Ontario
Vice-President, Teck Corporation Limited

J. H. WESTELL, Islington, Ontario
Vice-President, Keevil Mining Group Limited

R. J. WRIGHT, B.A., LL.B., Toronto, Ontario
Partner, Lang, Michener, Cranston,
Farquharson & Wright

OFFICERS

NORMAN B. KEEVIL *President*

NORMAN B. KEEVIL JR. *Vice-President*

ROBERT J. WRIGHT *Secretary*

JAMES H. WESTELL *Treasurer*

REGISTRAR & TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY
Toronto and Montreal

AUDITORS

J. CLARE WILCOX & Co.
Toronto, Ontario

EXECUTIVE OFFICE

Suite 4900
P.O. Box 49, Toronto-Dominion Centre
Toronto, Ontario

ANNUAL MEETING

Thursday, July 31, 1969
9:00 A.M. — Eastern Daylight Saving Time

Suite 332
Montreal Aeroport Hilton Hotel
Dorval, Quebec

